



**Directorate of
Intelligence**

~~Secret~~

25X1

Italy: Implications of the Local Elections

25X1

An Intelligence Assessment

~~Secret~~

*EUR 85-10082
April 1985*

Copy **355**

Page Denied



**Directorate of
Intelligence**

Secret

25X1

Italy: Implications of the Local Elections

25X1

An Intelligence Assessment

This paper was prepared by [redacted] Office of
European Analysis. It was coordinated with the
Directorate of Operations. [redacted]

25X1

25X1

Comments and queries are welcome and may be
directed to the Chief, West European Division, [redacted]

25X1

25X1

Secret

*EUR 85-10082
April 1985*

Secret

25X1

**Italy: Implications of the
Local Elections**

25X1

Key Judgments*Information available
as of 5 April 1985
was used in this report.*

Nearly 90 percent of Italy's voters will go to the polls on 12 May to select new regional, provincial, and city administrators. Because of the large number of voters involved, these local elections are traditionally seen as an important referendum on the national government. This year, the elections could have a strong impact on the political system if the Communist Party (PCI) can equal or better its performance in last year's Europarlament election, when it emerged for the first time with a narrow plurality. We believe that it has a fair chance of doing so.

25X1

Although the 12 May elections will not change parliamentary arithmetic, they could profoundly alter the parties' views about which domestic political alliances best serve their interests. More immediately, the elections could strongly influence Parliament in June when it selects a successor to President Pertini. A strong Communist showing could give the PCI enough leverage to insist on a new president who would be less resistant to bringing them into the government.

25X1

Although we do not believe that the PCI will be in a position any time soon to dictate government policy, we suspect that over the longer term a strong showing would make the party more attractive as a prospective coalition partner. This would inject new uncertainties into the political equation that could be harmful to US interests:

- Day-to-day bilateral relations—particularly in the military area—could become more cumbersome as Italian bureaucrats begin “looking over their shoulders” in anticipation of eventual PCI entry into the government and insist on “going by the book to protect their careers.”
- Italian foreign policy would probably revert to something less ambitious and less supportive of US initiatives, for example in the Middle East.
- Rome would continue to meet its existing NATO obligations but would be reluctant to take on new ones.
- If the Communists moved closer to power, the United States might even find Italy taking a harder look at requests for landing and overflight rights for NATO out-of-area contingencies.

25X1

On the other hand, we believe that, if the Communists come closer to entering the government, they will have to modify their more contentious positions, especially on defense issues like INF basing. Whatever the coalition arrangements, the Communists would have to rely on either the Socialists or the Christian Democrats for a legislative majority.

25X1

Secret*EUR 85-10082
April 1985*

Secret

25X1

25X1

Although the Christian Democrats (DC) are campaigning more aggressively than last year, with anti-Communism as their central theme, [] there is little evidence of progress toward rebuilding the party's battered organization, which after nearly 40 years in power appears to be running out of steam. We rate the DC's chances of arresting its gradual decline only about even—at best. []

25X1

25X1

A clear Christian Democratic victory would, of course, help protect US interests in Italy. Whatever problems the United States might experience as a result of the DC's indecisiveness and factionalism are balanced, in our view, by its basic commitment to NATO and the West. But even though a DC victory would push the Communists back into Pandora's box, at least for a while, it would not alleviate all concerns about long-term US interests:

- A resurgent DC would probably heighten the tension that already strains the governing coalition as the small parties struggled to retain power wrested from the Christian Democrats when they were weak.
- The resulting governments, weakened by this interparty wrangling, most likely would be short lived and would probably find it difficult to reach consensus on supporting specific US initiatives.
- Their short tenure and extensive squabbling would make them even less effective than recent governments in dealing with Italy's social and economic problems.
- The impetus behind Italy's recent helpful foreign policy initiatives, which we attribute largely to activism by the smaller coalition parties, would probably diminish. []

25X1

A rerun of last year's scores in the European parliament election—a status quo outcome—might reduce tension within the governing coalition for the time being, but we expect the truce would be short lived. The small parties, who have become increasingly unhappy with government policies on taxes and spending, would probably insist on renegotiating the government program once President Pertini's successor has been chosen. Even if Socialist Prime Minister Craxi could stitch together a new agreement that satisfied all of his allies, we believe that he would find himself increasingly vulnerable to unanticipated maneuvers by his coalition partners during key parliamentary tests. []

25X1

Secret

Secret

25X1

These elections will also help determine whether Craxi will continue to exert predominant influence within his party. We believe an electoral breakthrough by the Socialists—who have been stuck at about 11 percent for the last decade—would suggest that Italy's moderate left is at last demonstrating a potential to compete effectively with the Communists. But if the Socialists fail to reach at least 12 to 13 percent this spring, we think it would strengthen those party members who are unhappy with Craxi's moderation and who would prefer a more ideologically compatible alliance with the Communists to staying in a coalition with the Christian Democrats.

25X1

Secret

Secret

25X1

Contents

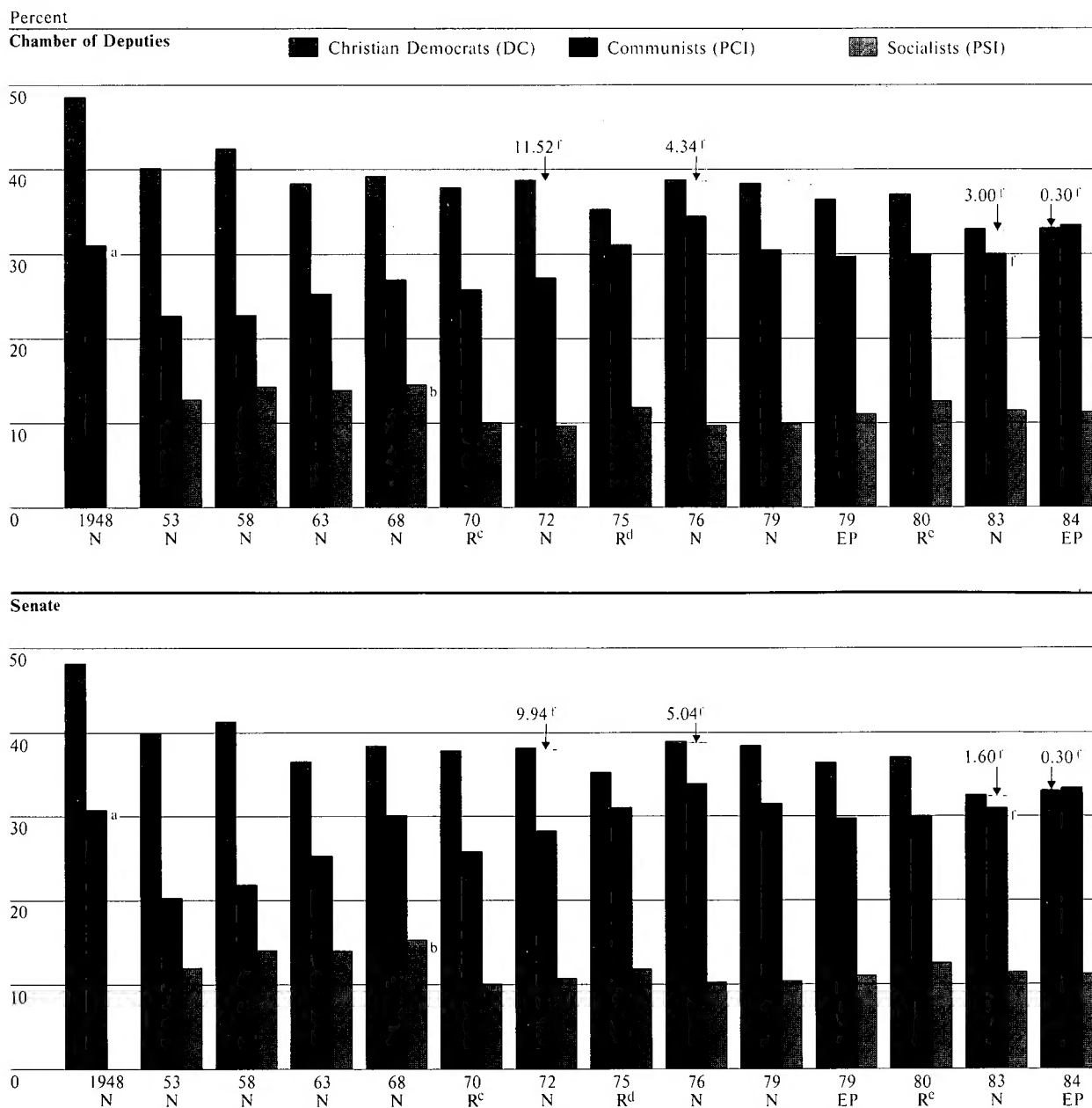
	<i>Page</i>
Key Judgments	iii
Introduction	1
The Christian Democrats: On a Slippery Slope?	1
Return to Confrontation	2
A Coverup Tactic	3
The Communists: Will the "Sorpasino" Become the "Sorpasso"?	3
Threads That Could Unravel	4
The PCI's Achilles' Heel	4
The Socialists: Life at the Top of a Ricketty Coalition	5
The Presidential Sweepstakes	7
Implications of the May Elections	8
A PCI Plurality	8
A Christian Democratic Resurgence	9
Maintaining the Status Quo	9
Impact on the United States	10
PCI Ascendant	10
DC Stops the Rot	11

Secret

Secret

25X1

Figure 1
Italian Christian Democratic-Communist-Socialist Vote Shares:
National (N)-Regional (R)-European Parliament Elections (EP)



^a Democratic Popular Front for Liberty, Peace, and Works PCI/PSI coalition.

^b Partito Socialista Unificato, PSI/PSDI coalition.

^c 1970 regional figures are aggregates of all regional elections 1968-70.

^d 1975 regional figures are aggregates of all regional elections 1971-75.

^e 1980 regional figures are aggregates of all regional elections 1976-80.

^f PCI/Democratic Proletarian Unity Party coalition.

Source: Annuaria Statistica

Secret

25X1

Secret

25X1

Italy: Implications of the Local Elections

25X1

Introduction

Local elections on 12 May will call nearly 90 percent of Italian voters to the polls to select new regional, provincial, and city administrators. Because of the large number of voters, these elections are by tradition seen as important tests of public confidence in the national government. For example, the Communist Party's jump from about 27 percent in the 1972 national election to 31 percent in the 1975 local elections brought it to within a hairbreadth of overtaking the long-dominant Christian Democrats and opened a period of uncertainty in Italian politics that continues to this day. The Christian Democrats have foundered in their attempts to regain momentum over the last decade, and the key question this year is whether the Communists will finally pull ahead of them to become Italy's largest party. (The Communists emerged a fraction ahead of the Christian Democrats in the Europarlament election last year, but many Italian observers doubt that contest was an accurate gauge of the national mood) (see figure 1).

The May elections hold further meaning:

- They will be an informal referendum on the future of Socialist Prime Minister Craxi's government and on the five-party governing formula. After 20 months in office, Craxi's coalition has exceeded the life expectancy of most postwar Italian governments by a considerable margin, and the Christian Democrats (DC), Social Democrats, Republicans, and Liberals have begun to chafe under his leadership.
- They could profoundly influence the psychological climate of politics and reopen the debate on Communist (PCI) membership in the government.
- The vote could also influence political bargaining in June when Parliament sets about selecting a successor to President Pertini.

Political observers both in Italy and abroad are hesitant to predict the outcome of the May elections. Opinion polling in the last several elections has been substantially off the mark.¹ The pollsters' task has been complicated by the growth in recent years in issue-oriented voting, with a concomitant increase in the swing vote from 4 percent to approximately 10 percent of the electorate.

25X1

In the face of these uncertainties, Italian political leaders are preoccupied by a series of questions centering on the three major parties.

25X1

The Christian Democrats: On a Slippery Slope?

The central question in Italian politics today is whether the Christian Democratic Party, after 40 years in power, has begun an irreversible decline. The answer will largely determine how much say the Communists will have in running the country and, indeed, whether the Communists will enter the government. On balance, we believe that chances are only even that the DC will manage to arrest the decline.

25X1

25X1

After dropping more than 5 percentage points in the 1983 national election as compared to the 1977 national election, the second-worse electoral setback ever suffered by the DC, the Christian Democrats were edged out by the Communists for the first time in the Europarlament election last year. Although party leader Ciriaco DeMita insisted that the DC's 0.1-percent improvement over the 1983 national election showed that the slide had been checked, this

25X1

25X1

Secret

statistical improvement owed much to a smaller turnout; although the DC got a slightly larger piece of the pie, it actually drew 500,000 fewer votes in 1984. More ominously, the DC score fell by a million votes compared with the count in the 1979 Europarliament election. A close look at the 1983 national and 1984 European election returns shows that the DC is losing votes in virtually every region, but especially in its old strongholds in Sicily and the south ² (see table).

DeMita faces a near-impossible task: he must come up with a game plan for the local elections that fits his own notions about reform and is still acceptable to constituencies such as the dynamic Christian fundamentalist groups in the northwest and center, the traditional patronage-oriented politicians of the south, and those groups in the northeast that want a modern, conservative, Thatcher-style party.

Return to Confrontation

Recent speeches by DC leaders and campaign advertising suggest that DeMita hopes to unify his party and rally voters by returning to the tactic, abandoned in 1983 and 1984, of playing on fears of Communist advances. To underline the dangers of a Communist victory, DeMita has stressed in his campaign addresses that a plurality for the PCI might allow it entry into the national government. The message to voters is clear: "If you don't support the DC, you may boost the PCI into power." The Communists, however, have made great strides toward shedding their image as an antisystem party in recent years, and it is not at all clear that DeMita's scare tactics will have the same galvanizing impact on DC voters today as they did in the 1950s and 1960s.

The DC's more confrontational approach runs the gamut of issues, but the party has hit the Communists especially hard on ethics, focusing on recent scandals involving Communist officials in Bologna and Naples. Although voters may smile a bit at such a dark pot calling the kettle black, this gambit may be telling. Since the PCI gained control of some key cities such

Italy: Election Results for Christian Democrats and the Communist Party, by Region

Percentage-point difference in votes

	National/ Europarliament ^a		Europarliament ^b	
	DC	PCI	DC	PCI
Total	0.1	3.4	-3.4	3.7
Piemonte	1.8	4.0	-1.9	5.2
Aosta	1.4	6.7	3.3	3.9
Lombardia	1.7	1.6	-2.1	2.3
Liguria	0.2	3.0	-1.7	4.8
Trentino-Alto Adige	1.4	0.6	-1.8	2.0
Veneto	2.3	2.1	-4.1	2.5
Friuli-Venezia	2.1	2.7	-0.1	2.5
Emilia Romagna	0.4	1.9	-2.4	2.7
Toscana	0.1	2.8	-2.7	4.9
Umbria	-0.3	2.9	-1.8	4.4
Marche	0.6	2.4	-2.9	4.2
Lazio	0.1	5.0	-2.6	5.8
Abruzzi	-0.7	3.0	-4.3	3.2
Molise	-6.1	4.0	-3.2	4.3
Campania	-0.9	5.0	-4.7	4.8
Puglia	-0.2	5.0	-5.6	4.2
Basilicata	-4.9	2.8	-6.5	4.8
Calabria	-2.5	5.4	-6.2	5.0
Sicily	-4.2	5.3	-7.4	4.7
Sardinia	-0.5	3.6	-8.2	0.3

^a 1984 Europarliament election as compared to the 1983 national election.

^b 1984 Europarliament election as compared to the 1979 Europarliament election.

as Turin and Rome in the mid-1970s, the party has had considerable success in creating an image of incorruptibility in a corrupt system. This may make the Communists more vulnerable to scandal charges in this election than the Christian Democrats.

The Christian Democrats have also hardened their position toward their Socialist (PSI) allies in recent weeks. In particular, DeMita has insisted repeatedly

Secret

Secret

Decline of the Christian Democrats^a

In our view, the downward trend of the Christian Democrats is due, at least in part, to their sheer longevity in office; after 40 years in power, they have inevitably become identified with the failure to solve pressing social and economic problems. The DC has also been seriously weakened by the persistence of highly organized and sharply divergent party factions. Moreover, DC luminaries are constantly being dragged through the press, charged with everything from corruption and cooperation with the Mafia to gross mismanagement.

The Christian Democrats have also been undermined by changes taking place in Italian society:

- *Socioeconomic changes, like the decline of agriculture, have thinned the ranks of groups who traditionally voted for them. Improvements in education have produced a more sophisticated electorate, and more women are escaping from the confines of home by going to work; we believe both of these factors have weakened the party's appeal.*
- *Church attendance and participation in church-sponsored activities have been on the wane, and until very recently the church had all but withdrawn from Italian politics.*
- *The voting public is no longer as scared of the Communists as it once was. The PCI generally has established itself as an honest and efficient force in local politics; it has worked with the DC government from time to time; and it has openly and strongly criticized Soviet policies in Czechoslovakia, Afghanistan, and Poland.*

during public appearances that the Socialists should abandon their local alliances with the Communists wherever governments without the Communists are mathematically possible. Socialists currently govern

jointly with Communists in 1,763 towns and cities, according to the press. Ironically, the Christian Democrats are themselves aligned with the Communists in 418 towns and cities.

25X1

A Coverup Tactic

DC leaders probably hope that a pugnacious offense will obscure the party's fundamental weaknesses. Internal bickering, corruption, scandals, and mismanagement have all dented the DC image over the past several years. Moreover, US officials report that, while the DC leadership seems to be doing a better job of working together than anticipated, there is only scant evidence of progress toward rebuilding the party organization, especially in the large cities where the DC machine has virtually ceased to exist.

25X1

25X1

DeMita may now be counting on the church to take the place of a healthy party organization.

25X1

25X1

Although the average Italian clergyman tends to be more conservative than the average voter, we believe that significant numbers of local priests lean to the left in some parts of the country. Moreover, there is no guarantee that a tougher stand by the church will have the desired effect. An appeal launched by the Italian bishops in the spring of 1983 in support of the DC apparently fell on deaf ears. In fact, extensive interference by the church could have just the opposite effect, reopening the issue of church-state relations and driving votes away from the Christian Democrats.

25X1

25X1

The Communists: Will the "Sorpassino" Become the "Sorpasso"?³

Another key question—in a sense the flip side of the question about the DC's decline—is whether the Communists can show that their narrow victory in the Europarlament election last summer was more than a fluke, a mere outpouring of sympathy for former

25X1

25X1

³ Will the PCI's narrow overtaking of the DC become more substantial?

25X1

Secret

Secret

party leader Berlinguer who died only days before the election. Our analysis of that vote suggests that, even allowing a generous 2-percent sympathy vote in each region, the Communists still made significant gains by Italian standards. Berlinguer's death, however, did enable the Communists to mobilize their entire potential electorate for the first time since the national election of June 1976. In our view, the PCI's fortunes this spring will turn on whether the party can keep these supporters mobilized. []

Threads That Could Unravel

The PCI faces an unusually large number of unknowns as the May elections approach. The fledgling Italian Greens movement will run lists for the first time in five regions—Piemonte, Liguria, Veneto, Toscana, and Marche—and 50 cities. We suspect that a significant portion of any gains by the Greens would come from voters who normally support the Communists. Our analysis of recent voting trends suggests that the Communists are especially vulnerable to defections by young voters, who are becoming increasingly disenchanted with the party's more moderate line. []

Its growing image as part of the "establishment" has also hurt the PCI in other ways. The performance of the party, after 10 years of holding office in most of the country's largest cities, is being scrutinized more closely by the media and by its opponents. The Communists must be worried how voters will react to the DC tactic of focusing public attention on recent scandals involving PCI officials in Bologna and Naples. We expect they will try to minimize damage by quickly ousting party members convicted of corruption and stressing the contrast with the handling of scandals by the DC, which frequently tries to protect its own. []

PCI leaders are also uncertain, according to [] press reports, about the impact of their hardline support for a national referendum to restore the 4 percentage points cut from the national wage indexation quotient last year. A close reading of the press suggests that, although most Communists seem confident that the measure will appeal to voters—who would get an immediate boost in pay—some are concerned that the party would be branded economically irresponsible by an increasingly sophisticated electorate. []

The PCI's Achilles' Heel

Even if the PCI does achieve a definitive *sorpasso* of the DC and the psychological climate shifts to the Communists' advantage, they still cannot come to power without striking a deal with either the Socialists or the Christian Democrats (see figures 2 and 3). But the Communists' choice of allies is complicated by increasing divisions in the party over which issues to pursue and how hard to push them, according to the press. Hardliners advocate a tougher line against the government to satisfy the party's traditional electorate. Party moderates, however, believe the PCI must attract new middle- and upper-class voters and worry about the party becoming isolated and irrelevant. []

The party's choice of allies is also complicated by the personal predilections of PCI leaders. For Berlinguer, with his Catholic intellectual mindset, the Christian Democrats were the logical choice. [] despite Berlinguer's disappointment that the 1976-79 National Solidarity experiment failed to win a cabinet role for the Communists,⁴ in the weeks just prior to his death he was talking again indirectly to Foreign Minister Andreotti about renewed collaboration. []

By all accounts, Alessandro Natta, Berlinguer's successor, would rather deal with the Socialists. Natta, who comes from a more secular background, is less comfortable among Catholic politicians, according to the press. In fact, one of his first acts on assuming office was to align his party with those in Parliament who called for Foreign Minister Andreotti's resignation over corruption allegations, a move that generated the most heated disputes with the Christian Democrats in years. Although Natta has won favor with leftwing Socialist leaders like lower chamber floor leader Rino Formica and Labor Minister Gianni DeMichelis, he has not gained ground with Craxi, who remains firmly anti-Communist. []

We believe that, as the election campaign gathers steam, Natta will attempt to follow a two-track policy. He will concentrate his attacks on both the

⁴ During this period, the Communists supported numerous bills in Parliament in exchange for closer collaboration with the governing Christian Democrats on a range of issues. []

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

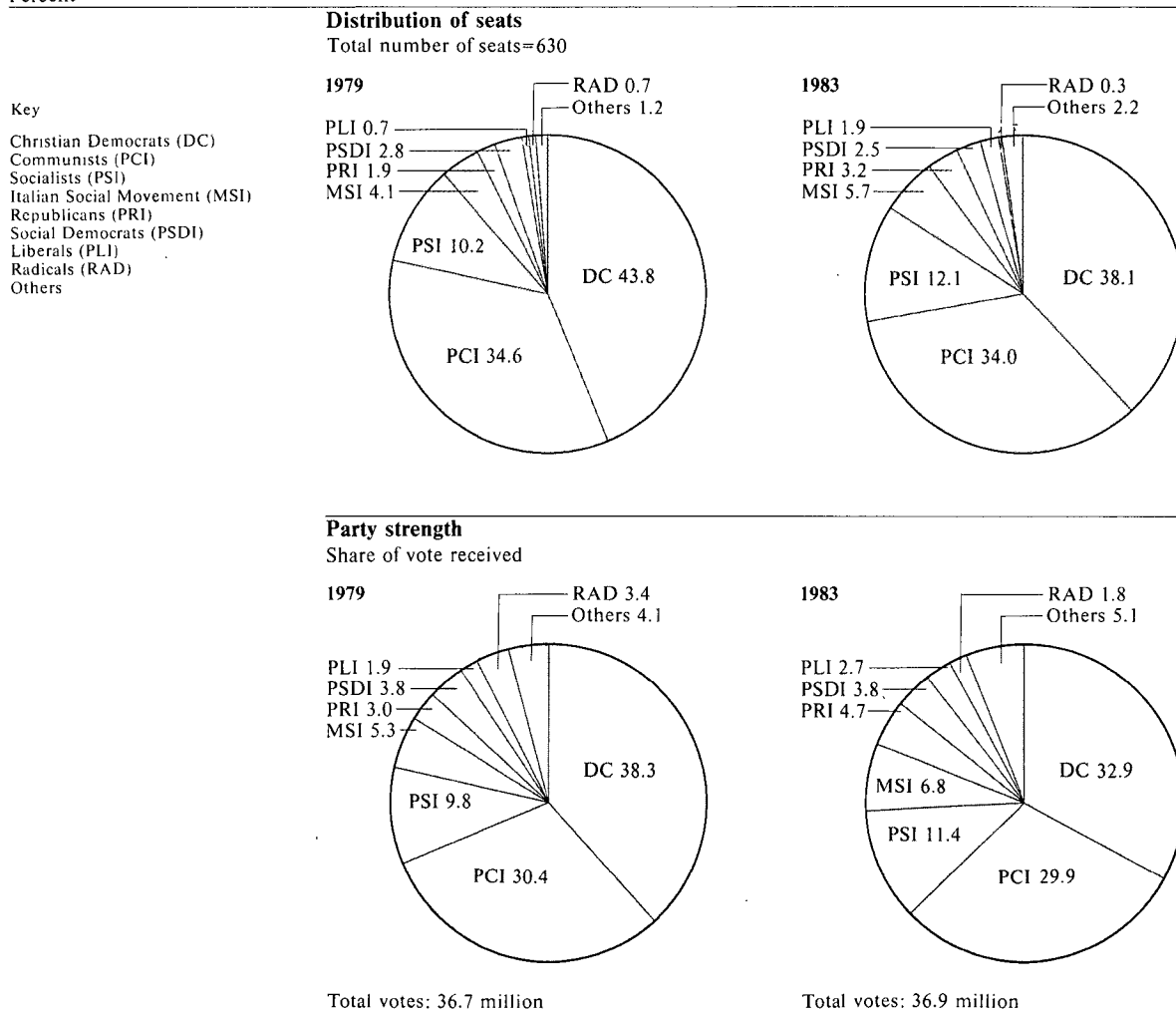
25X1

Secret

Secret

Figure 2
Italy: Chamber of Deputies After the National Elections

Percent



Christian Democratic and Socialist Party leadership, with an eye to bringing as many of the Communist faithful as possible to the polls. At the same time, we expect he will try to avoid isolating the PCI after the election by emphasizing willingness to work with either party to administer local jurisdictions and to negotiate policies and programs that both sides can support.

The Socialists: Life at the Top of a Ricketty Coalition

For Craxi, of course, the key question is whether his party will do well enough to vindicate his change of direction and confirm him in power. Since wresting the premiership from the Christian Democrats after

25X1

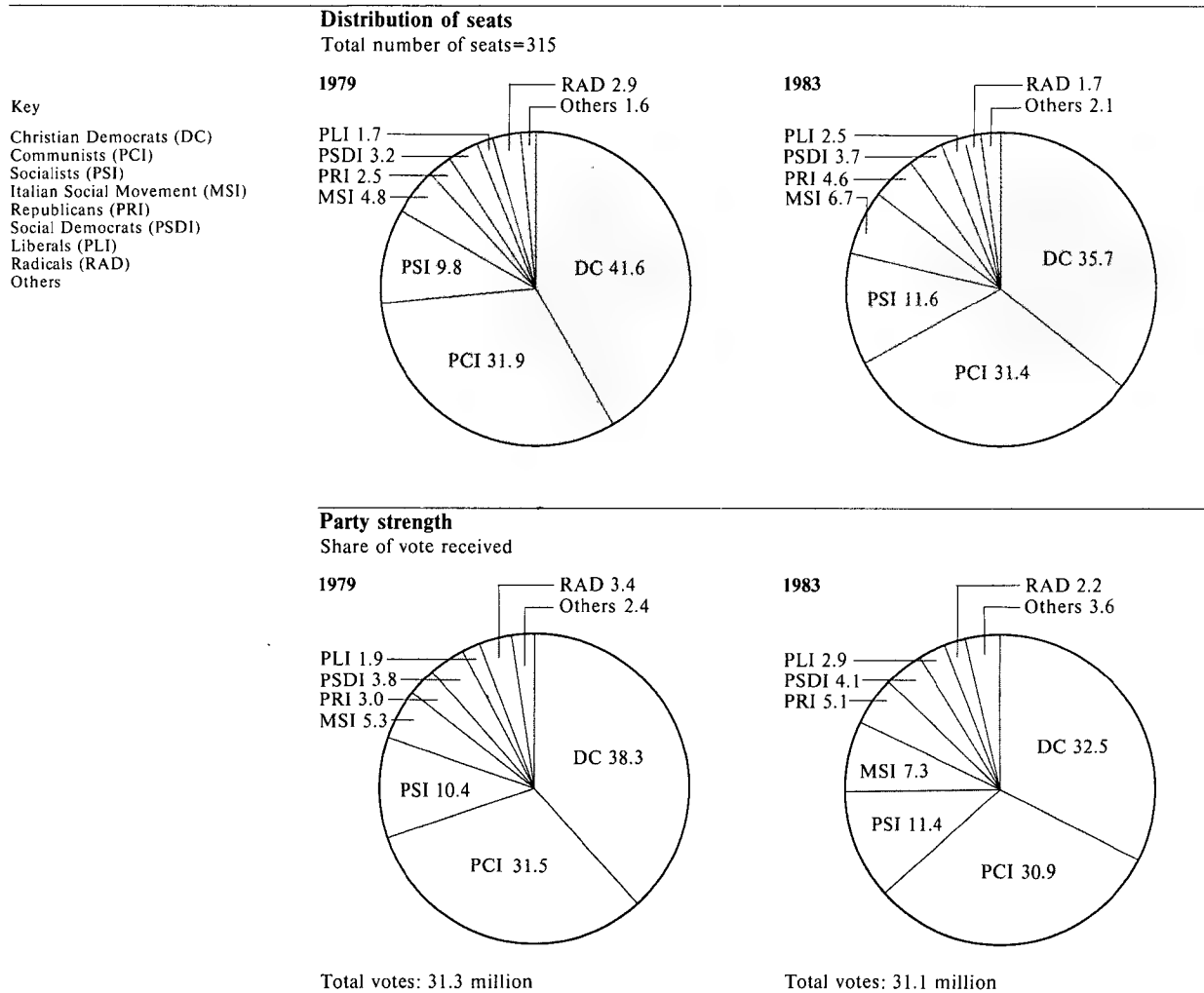
25X1

Secret

Secret

Figure 3
Italy: Senate After the National Elections

Percent



the 1983 national election, Craxi has divided his attention between shoring up his rickety coalition and searching for a formula that will enable the Socialists to score an electoral breakthrough. Most observers agree that, after a tentative start, he has generally coped well with the vicissitudes of coalition politics. One recent opinion poll gave him a 34-percent approval rating, the second highest of any postwar prime minister.

At first glance, the Socialists appeared to occupy a good position as the election campaign got under way. The Radical Party will not be presenting local lists, and, according to the press, Socialist leaders expect that many Radical voters will support the Socialist

25X1

25X1

Secret

Secret

slate. Moreover, according to the press, the Socialists also calculate that their potential electorate grows by approximately 1 million votes for nationwide local elections. []

But, like the Christian Democrats and the Communists, the Socialists are plagued by a number of important unknowns. Political observers believe, for example, that Socialist voters are the most volatile of an increasingly volatile voting public. One academic study concluded that the typical Socialist voter has begun to change from year to year rather than from election to election. In addition, although public attention recently has fastened on scandals involving Communists, the Socialists are bracing themselves for a major construction kickback scandal of their own that could cost them a substantial number of votes.

[] Craxi has worked hard to move his party away from traditional leftist stands on issues like INF. To date, however, he has been unable to translate these changes into substantial numbers of new voters. The Socialist score increased only marginally in the 1983 national election as compared to the 1979 national election, for example. []

We believe that, if the Socialists fail to top 12 to 13 percent in May, it will strengthen the position of Craxi's rivals within the party who oppose his moderate line and favor an alliance with the PCI. He has already faced several instances of serious insubordination from powerful left-leaning challengers like Formica and DeMichelis. For example, Formica's implication last November that US intelligence was connected to a terrorist train bombing was clearly aimed, in the view of the US officials in Rome, at weakening both the government coalition and Craxi's position within the party. []

Craxi is worried that the Socialists will not score any significant gains in the coming elections. []

[] His concern is reportedly linked to a recent public opinion poll that showed the Socialists winning only 11.9 percent of the vote; the poll projected that the Christian Democrats would pick up 0.1 percentage point—to 33.1 percent—and the Communists would expand 0.4 percentage point—to 33.7 percent as compared to the 1983 national

election. [] Craxi sees 33.7 percent as a significant victory for the Communists and believes that this outcome would completely disrupt the already precarious balance within the five-party government coalition. Craxi also reportedly worries that if the PCI does well in the local elections it will gain enough leverage to insist on a president who would be amenable to Communist participation in the government. []

The Presidential Sweepstakes

The outcome of the local elections will not change the composition of Parliament and therefore has no direct bearing on the election of a new president. At a minimum, however, the results will have a strong impact on the psychological climate in which that decision is made. We agree with Craxi, for example, that a strong Communist performance would encourage them to insist on a president who would be more open to a government role for the Communists, such as Constitutional Court President Leopoldo Elia or Senate President Francesco Cossiga. []

[] Craxi hopes to hang on to the premiership until the next scheduled national election in 1988. To this end, he reportedly is prepared to support a Christian Democrat when Parliament meets to choose President Pertini's successor. Most Italian commentators assume that, if the Christian Democrats fail to win the presidency, they will insist upon the premiership as compensation. []

We believe Pertini could probably retain the presidency if he wanted to, but the US Embassy reports that several Christian Democrats and a number of Socialists close to Craxi are concerned that this would create serious tension within the governing coalition. []

[] Pertini, who is now 88 years old, has already decided not to run. []

[] in any case, Craxi has already []

Secret

Secret

agreed to support Deputy Prime Minister Forlani, a Christian Democrat, in return for a promise that he can remain Prime Minister for at least one more year.

Press, [] suggest that, if Pertini does not run, Forlani is probably the strongest candidate. Other prominent contenders include Christian Democrat Leopoldo Elia; Tina Anselmi, a former Christian Democratic Minister of Health; Christian Democrat Francesco Cossiga; Oscar Scalfaro, Christian Democratic Minister of the Interior; Nilde Iotti, Communist Speaker of the Lower Chamber; and Giovanni Spadolini, Republican Minister of Defense. The election of a new president usually requires multiple ballots and more often than not produces surprises. []

Implications of the May Elections

The complexity of the Italian political system makes any number of outcomes to the May elections possible. But, out of the welter of possibilities, we can pick out three broad scenarios that seem to hold more promise than others and that would have important implications for the United States: a PCI plurality, a DC resurgence, and a continuation of the status quo. On balance, we believe the Communists have a fair chance of winning a plurality—thereby eventually forcing a new look at the current governing formula and, more generally, leading Italian politicians to reexamine their basic assumptions about how the political system should work. But neither a resurgent DC nor a continuation of the status quo would necessarily ensure stability for very long. []

A PCI Plurality

Over the short term, we believe that the effects on the political system of the PCI's emerging as the clear plurality party would be limited. This improved status would be another important step in the PCI's search for full legitimacy, but would not substantially strengthen its position in Parliament. A Communist victory might even temporarily force the Christian Democrats and their allies to close ranks in an attempt to safeguard their hold on power. []

Over the longer term, however, we suspect that the Communists' new status would not only make them more attractive as a prospective coalition partner, but would also enable them to increase their influence over the policymaking process. As things stand now, we believe that the leaders of the individual governing parties would insist that the Communist plurality be tested in a national election before considering the PCI as a government partner. The next national election is not scheduled to take place for three years, but Natta has already vowed that his party will press for an early national election if its plurality is confirmed. A new election could be held as early as this fall, although, traditionally, balloting in Italy takes place in the spring.⁵ []

In our view, the PCI's chances of entering a coalition more rapidly might grow significantly, however, if a Communist plurality were accompanied by:

- Serious Socialist losses. Although Craxi has moved the party steadily away from its traditional ideology, Socialist hearts still beat to the left. A significant loss in May would strengthen the hand of those party leaders who oppose Craxi and tout the ideological virtues of a leftist coalition with the Communists.
- Strong neo-Fascist (MSI) gains. With 6.8 percent of the vote in the lower chamber during the last national election, the MSI (Italian Social Movement) is Italy's fourth-largest party. Public opinion data suggesting that the far right could advance significantly in these local elections have already aroused concern among numerous left-leaning and centrist politicians, according to the press.⁶ We believe these politicians worry that Communist and MSI gains would reinforce the trend toward polarization of the political system, with unforeseeable

⁵ By law, national elections must be preceded by a 45-day campaign. Italian leaders have been reluctant to agree to a fall election out of concern that it might not be possible to fulfill the campaign requirements before winter weather discourages some voters from getting to the polls. []

Secret

Secret

consequences for stability. Even now, the parliamentary balance is close enough that the government has occasionally had to rely informally on MSI support to muster a quorum or win key votes. If the MSI scored well enough to make its support necessary on a more regular basis, we suspect that moderates might be tempted to make peace with the Communists. They would probably reason that this would alienate fewer voters than coming to terms with the MSI, which most Italian voters still consider beyond the pale. We also believe, moreover, that the Communists, who fear political isolation above all, would modify their positions on more controversial issues in order to simplify negotiations and avert a coalition of the right.

- A precipitous drop by the DC—with the bulk of lost DC votes going to other members of the coalition—could also boost Communist chances for a cabinet role. The rivalry among the governing parties has intensified considerably since the DC's poor showing in the 1983 national election emboldened the Socialists and the smaller parties. DeMita has conceded publicly that a serious DC drop, coming in the wake of the party's disastrous performance in the 1983 national election, would probably signal the end of his tenure as party leader. The political turmoil surrounding the replacement of the party leader could, in turn, lead to a retreat from the DC's tougher line on the Communists as Christian Democrats maneuver to preserve as much of their power as possible. []

A Christian Democratic Resurgence

A clear-cut Christian Democratic victory over the Communists would be a welcome development for US interests in Italy. To be sure, the DC's factionalism and indecisiveness have often been exasperating to US officials seeking Italian cooperation on controversial bilateral issues. But this is balanced by the party's strong basic commitment to NATO and by the fact that in a crunch it can generally be counted on to side with the United States—something that still cannot be said about the PCI, despite its impressive progress toward democratic legitimacy and independence from Moscow. []

A new lease on life for the DC could also raise problems, however, if it were achieved at the expense of the Socialists and the small parties. At a minimum,

such an outcome would be likely to intensify the already difficult situation within the governing coalition, as the small parties struggle to safeguard the power and patronage wrested from the Christian Democrats. Small-party truculence would probably usher in another era of short-lived governments. []

25X1

Even though US interests would be generally safer if the Christian Democrats regained dominance, there would still be a strong possibility of increased friction between Rome and Washington. After nearly 40 years in power, the Christian Democrats find decisionmaking an increasingly complicated process.⁷ Foreign policy, for example, has become a more contentious issue for the party. Despite the broad agreement that still exists among Christian Democrats on core questions like NATO and the EC, we also perceive a greater willingness within the DC to question US policy in areas like the Middle East and Latin America. For example, there were indications at the height of last year's crisis in Lebanon that Foreign Minister Andreotti was less resolute about retaining Italy's Multinational Force (MNF) contingent in Beirut than Prime Minister Craxi or Defense Minister Spadolini, a Republican. []

25X1

Perhaps the most promising variation of this scenario would be one in which the DC improved gradually over several elections, allowing the governing coalition time to adjust and find a new equilibrium. The transition to a more robust DC might prove considerably easier for the governing coalitions to adjust to if the smaller parties, especially the Socialists and Republicans, were improving slightly along with the Christian Democrats. Significant Socialist gains in May would be a particularly hopeful sign for both Italy and the United States, because this would hold the potential for giving Italy something it has never had—a moderate left capable of competing effectively against the Communists. We believe that, under these circumstances, with the governing partners sharing gains earned at the Communists' expense, they might be less inclined, at least in the short term, to strike a deal with the PCI. It might also ease the way toward

25X1

⁷ The DC comprises at least a dozen well-defined factions—in effect “miniparties”—that sometimes have diametrically opposed views. []

25X1

25X1

Secret

Secret

reaching agreement on an effective program to counter some of the country's pressing social and economic problems.⁸ [REDACTED]

Maintaining the Status Quo

A rerun of last year's scores in the European Parliament election might reduce tension within the governing coalition for the time being, as the governing partners reassess the situation, but we would expect the truce to be short lived. The parties' first order of business would be to select President Pertini's successor, and we suspect that the Socialists would back a Christian Democrat in the hope of strengthening their own grip on the premiership. Once the new president is installed, however, we would expect the smaller coalition partners, who have become increasingly unhappy with government policies on taxes and spending, to insist on renegotiating the government's program. Even assuming that Craxi could stitch together a package that satisfies all of his allies, we believe that he would find himself increasingly vulnerable to unanticipated maneuvers by his coalition partners and individual defections during important parliamentary tests. [REDACTED]

We suspect that, in the end, a status quo outcome would feed the notion that Italy's political system has run out of workable coalition formulas. Attention would probably focus once again on the pros and cons of a new national election, a government composed of "independent technicians," or a government of "national unity." The latter two options could allow Communists, or "independents" who are nevertheless close to the Communists, to join the government. [REDACTED]

Impact on the United States

PCI Ascendant

Any of the scenarios involving a PCI win in the May elections or closer ties between the PCI and the center parties would inject new uncertainties that could damage US interests over the medium and long term. At the very least, we suspect that a solid Communist

⁸ A gradual DC decline that allowed time for the governing coalition to readjust might, in similar fashion, dampen the partners' enthusiasm for exploring other kinds of governing arrangements. [REDACTED]

plurality would cause Italians to begin "looking over their shoulders" and guarding against the day when the PCI might join the government. This could begin a gradual process wherein day-to-day bilateral relations [REDACTED] would slowly become more cumbersome as Italian bureaucrats reacted to the changing political winds and began to go by the book. [REDACTED]

We also believe that Italian foreign policy, which recently has included participation in various Middle Eastern peacekeeping efforts and active promotion of a more extensive role in international affairs for the EC, would revert to something less ambitious. Rome would continue to fulfill its current NATO obligations, but probably would be more reluctant to take on new ones.⁹ Italy probably also would hesitate, for example, to participate in future peacekeeping efforts that required a military presence. If it appeared that the Communists were actually moving closer to entering government, the United States might even find Rome more reluctant to grant landing and overflight rights for NATO out-of-area contingencies. [REDACTED]

It is unlikely, however, under any of these scenarios that the PCI would be in a position to dictate government policy. We believe, in fact, that if the PCI moves closer to power it will have to modify its position on some of the more contentious issues like INF. The Communists' potential partners presumably would extract concessions beforehand on sensitive questions like foreign and defense policy and would almost certainly insist on retaining the Foreign Affairs, Defense, and Interior portfolios. [REDACTED]

In any case, a government that includes the PCI would be a marriage of convenience no less subject than its predecessors to all of the pitfalls of Italian coalition politics. We suspect that the small parties

⁹ PCI foreign policy spokesman Pajetta recently reiterated the party's commitment—first made in 1976—to accept Italy's existing NATO obligations. [REDACTED]

Secret

Secret

would view such an agreement as a short-term arrangement and would try to use the opportunity to strengthen their hands in preparation for the next coalition with the DC—a course hardly conducive to smooth government. [redacted]

DC Stops the Rot

Although those scenarios that point to the DC's gaining ground or holding firm would serve US interests best, pushing the Communists back into Pandora's box would still leave a number of questions important to US interests unanswered. Barring an outcome in which the DC and smaller parties found a new sense of purpose as a result of shared gains scored at Communist expense, the governments suggested by these scenarios would probably continue to live day by day. We believe that, preoccupied as they are likely to be with interparty squabbling, such governments would find it even more difficult to cope with the enormous social and economic problems found in areas like Naples, Genoa, and Palermo. In fact, we suspect that these problems at home would leave Rome little time or inclination for foreign policy.¹⁰

It would be possible to argue, of course, that revolving-door governments offer advantages to the United States. A government too distracted by domestic affairs to concentrate on foreign policy might be more amenable to following a strong US lead. But this potential advantage must be weighed against the uncertainties generated by shaky governments. We believe, for example, that in a situation of domestic turmoil it would become increasingly difficult to predict whether Rome could muster the consensus, the will, and the wherewithal to join and carry out projects like INF basing. The United States has, in fact, profited from Italy's recent willingness to carry a share of the weight in trouble spots like Lebanon and the Sinai. [redacted]

¹⁰ We believe that the DC's recent weakness has encouraged foreign policy activism by Republican- and Socialist-led governments. Both of the smaller coalition partners have seen foreign policy as an area where they can win their spurs with Italy's allies while improving their own stature with the voters. In our view, this rivalry has prodded the Christian Democrats into supporting projects that otherwise might not have attracted them. We suspect that, if the DC finds itself firmly back in the driver's seat, the impetus provided by the smaller parties in foreign policy will diminish.

Finally, a return to revolving-door governments would contribute to the Italian public's well-established cynicism about political institutions and parties. An increase in voter disenchantment would, at a minimum, in our view, result in a further proliferation of small regional parties and special interest groups such as the Pensioners, the Venetian League, and the Sardinian Action Party, which have sprung up during the past five years. Such a development would come at a time when most political observers have concluded that limiting the numbers of parties in Parliament would do much to improve government efficiency. And this further splintering of political loyalties would be yet another factor limiting Italy's ability to act decisively on controversial issues like INF. [redacted]

25X1

25X1

25X1

25X1

25X1

Secret

Secret

Secret